

RECEIVED

2013 OCT 31 PM 4: 52

CITY CLERK'S OFFICE

LETTER TO COMMISSION

OFFICE OF THE CITY MANAGER NO. LTC # 398-2013

TO:

Mayor Matti Herrera Bower and Members of the City Commission

FROM:

Jimmy L. Morales City Manager

DATE:

October 31, 2013

SUBJECT: Supplemental Information Regarding the Financial Impacts of the Reorganization of

the Fire Department

The purpose of this Letter to the Commission (LTC) is to provide the Mayor and City Commission with supplemental information regarding the financial impacts associated with the reorganization of the Fire Department that was negotiated in the 2009-2012 collective bargaining agreement between the City and the International Association of Fire Fighters, Local 1510 (IAFF). On October 23, 2013, the City Commission was provided with an analysis from Actuarial Concepts, Inc., the City's pension actuary, (LTC #328-2017), that represented the financial impacts to the Fire and Police Pension Plan as a result of the reorganization of the Fire Department. Based on the analysis provided on October 23, 2013, the reorganization of the Fire Department represents a first-year increase in contribution requirements to the pension plan of \$407,000, payable annually over the next thirty years.

The Fire reorganization was negotiated as part of the three year labor agreement covering the period of October 1, 2009 through September 30, 2012. Employee concessions contained in the collective bargaining agreement yielded a net savings of approximately \$3.66 million during the three year contract period. In addition, based on the negotiated changes to the Fire and Police Pension plan, pension savings were estimated at \$32.8 million Net Present Value (NPV) over thirty years.

At the time that the 2009-2012 labor agreement was ratified, the salary impact associated with the Fire reorganization was estimated at approximately \$725,000 for the successor three (3) year contract period of October 1, 2012 through September 30, 2015. To offset those salary costs, the IAFF agreed to a reduction in the number of holiday hours earned by shift personnel from twelve to nine hours. This concession will result in an estimated savings of \$825,000 for the three-year contract period ending in FY 2014/15. This represents a net salary savings of \$100,000 during same period. In addition, the reduction in the hours of holiday pay will result in recurring savings. Furthermore, because holiday pay is pensionable, there will also be future savings to the City's annual required contribution toward pension.

Please feel free to contact me if you have any questions or need any additional information.

JML/KGB/SC-T/CMG

f:\cmgr\\$all\\tc 2013\\tc - follow up regarding impact of fire reorganization 10-30-13.docx